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CAB Faults Moves by Nixon Friend

By Vern Haughland
Associated Press

C. Arnholt Smith illegally acquired control of a California air taxi firm, Golden West Airlines, while in control of various surface transportation interests including the Yellow Cab Co. of Los Angeles, the Civil Aeronautics Board's Bureau of Operating Rights said yesterday.

Because of these improper control relationships Smith must not be allowed to acquire the assets or operating authority of the bankrupt helicopter airline Los Angeles Airways, the bureau said in a 119-page brief to CAB examiner Harry H. Schneider.

"The instant application represents the latests in a series of attempts spanning four years in which the Smith combine has sought to acquire Los Angeles Airways for the purpose of forging the final link of a chain to monopolize airport-related short-haul transportation in Southern California," bureau counsel Elliott M. Seiden said.

"This proceeding is not the first time the Smith financial combine has sought to acquire control of Los Angeles Airways," he said.

Smith, a wealthy banker and a friend of President Nixon, is chairman of the board of the United States National bank, San Diego, the 10th largest in California, with assets of more than $750 million.

In San Diego, a spokesman said Smith would have no comment until a copy of the brief arrived and is studied.

He also is chairman of Westgate California Corp., a conglomerate with annual sales of $175 million and with $215 million in assets including hotels, real estate, insurance, a tuna fishing fleet, a cannery and airport cabs in several cities. In addition Smith owns the San Diego Padres baseball team.

The bureau brief will be considered by the examiner along with the arguments of the applicants and of other parties in the preparation of a decision for final action by the CAB.

The bureau said Westgate California has been found by the CAB to be a common carrier because of its ownership of surface transportation interests, and this finding made it illegal for that company to acquire control of Golden West without prior CAB approval.

An Golden West's ties to surface transportation preclude the CAB, as a matter of law, from approving the proposed acquisition, the bureau added.

"In early 1968 the Smith-Westgate combine concluded that short-haul air carriers in Southern California, as well as in San Francisco, were cutting into its monopoly surface transportation interests at the Los Angeles and San Francisco airports," the bureau said. "It was determined, at that time, that Westgate should buy up all of these entities and thereby preserve and protect its monopolistic position in these markets."